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SURFACE TRANSPORTATION BOARD

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OF COUNSEL
URBAN A. LESTER

November 13, 2006

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Mortgage, dated as of September November 13, 2006, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Memoranda of Full Service Railcar Lease being filed with the Board under Recordation Numbers _____ and _____-A.

The names and addresses of the parties to the enclosed document are:

Debtor: Babcock & Brown Rail Funding LLC
885 Second Avenue, 49th Floor
New York, NY 10017

[Secured Party: Bayerische Hypo-Und Vereinsbank AG, Agent
FPA 4 Lease/Asset Finance
Am Tucherpark 1 (FPA)
80538 Munich, Germany]

Mr. Vernon A. Williams
November 13, 2006
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A description of the railroad equipment covered by the enclosed document is:

Lease 1 - 50 covered hopper railcars: GBRX 65290 – GBRX 65339;

Lease 2 - 75 covered hopper railcars: GBRX 65340 – GBRX 65414.

A short summary of the document to appear in the index is:

Memorandum of Mortgage.

Also enclosed is a check in the amount of \$34.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read 'R. Alvord', with a long horizontal flourish extending to the right.

Robert W. Alvord

RWA/sem
Enclosures

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MEMORANDUM OF MORTGAGE SURFACE TRANSPORTATION BOARD

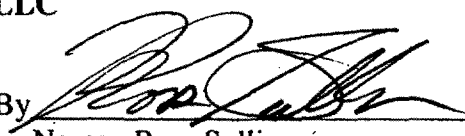
Memorandum of Mortgage, made and entered into as of November 13, 2006 between **BABCOCK & BROWN RAIL FUNDING LLC** (the "**Debtor**") and **BAYERISCHE HYPO-UND VEREINSBANK AG**, as Agent under the Security Agreement referred to below (together with its successors and permitted assigns, the "**Secured Party**"). Terms used in this instrument have the meanings assigned thereto in the Amended and Restated Security Agreement dated as of October 18, 2002 (as supplemented, including by Security Agreement Supplement No. 46 dated the date hereof, the "**Security Agreement**") between the Secured Party and the Debtor.

WITNESSETH:

The undersigned and the Secured Party have entered into the Security Agreement, by which the Debtor has granted a security interest in certain railroad equipment bearing reporting marks and road numbers as listed on Exhibit A attached hereto and in each lease referred to on Exhibit B attached hereto to the Secured Party in order to secure the Debtor's performance of its obligations as described in the Security Agreement.

IN WITNESS WHEREOF, the party hereto has caused this memorandum to be duly executed by its officer duly authorized as of the date and year first above written.

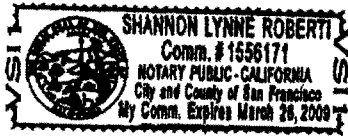
**BABCOCK & BROWN RAIL FUNDING
LLC**

By 
Name: Ross Sullivan
Title: Vice President

STATE OF CALIFORNIA)
) ss.:
COUNTY OF SAN FRANCISCO)

On November 9, 2006, before me, Shannon Lynne Roberti, Notary Public, personally appeared Ross Sullivan, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



Shannon Lynne Roberti
Notary Public

**Exhibit A
to Memorandum of Mortgage**

EQUIPMENT

<u>Lease #</u>	<u># Cars</u>	<u>Year Built</u>	<u>Description</u>	<u>Reporting Marks</u>	<u>Casualty Marks</u>
1	50	2006	3281 CF Covered Hoppers, 286,000 GRL, AAR Car Type Code C112, built in 2006 by Trinity North American Freight Car, Inc.	GBRX 65290-65339, inclusive	None
2	75	2006	3281 CF Covered Hoppers, 286,000 GRL, AAR Car Type Code C112, built in 2006 by Trinity North American Freight Car, Inc.	GBRX 65340-65414, inclusive	None
3	90	2006	5161 CF Covered Hoppers with gravity outlet gates and trough hatches, AAR Car Type Code C114, built in 2006 by Trinity North American Freight Car, Inc.	CORX 1020-1109, inclusive	None

**Exhibit B
to Memorandum of Mortgage**

LIST OF LEASES AND OTHER OPERATIVE AGREEMENTS

Lease # 1

Master Full Service Railcar Lease dated as of September 1, 2006, by and between Babcock & Brown Rail Funding LLC and Harwest Industrial Minerals Corporation, to the extent the same relates to the Equipment described under "Lease #1" in Exhibit A hereto.

Schedule No. 1 to Master Full Service Railcar Lease dated as of September 1, 2006, by and between Babcock & Brown Rail Funding LLC and Harwest Industrial Minerals Corporation, to the extent the same relates to the Equipment described under "Lease #1" in Exhibit A hereto.

Memorandum of Full Service Railcar Lease dated as of September 1, 2006, by and between Babcock & Brown Rail Funding LLC and Harwest Industrial Minerals Corporation, in respect of the Equipment described under "Lease #1" in Exhibit A hereto.

Guaranty Agreement dated as of September 1, 2006 by and between Pure Energy Services (USA), Inc. in favor of Babcock & Brown Rail Funding LLC, to the extent the same relates to Lease #1.

Letter Agreement for One Thousand (1000) Covered Hopper Rail Cars made and entered into as of August 19, 2005, by and between Trinity North American Freight Car, Inc. and Babcock & Brown Rail Funding LLC, to the extent the same relates to the Equipment described under the caption 'Lease #1' in Exhibit A hereto.

Warranty Bill of Sale dated as of November 13, 2006, from Trinity North American Freight Car, Inc. to Babcock & Brown Rail Funding LLC and each certificate of inspection and/or acceptance executed by Babcock & Brown Rail Funding LLC in relation to the railcars identified in such Warranty Bill of Sale.

Each Warranty Bill of Sale from Trinity North American Freight Car, Inc. to Babcock & Brown Rail Funding LLC, and each certificate of inspection and/or acceptance executed by Babcock & Brown Rail Funding LLC in relation to the railcars identified in each such Warranty Bill of Sale, to the extent the same relates to the Equipment described under the caption "Lease #1" in Exhibit A hereto.

Lease # 2

Master Full Service Railcar Lease dated as of September 1, 2006, by and between Babcock & Brown Rail Funding LLC and Harwest Industrial Minerals Corporation, to the extent the same relates to the Equipment described under "Lease #2" in Exhibit A hereto.

Schedule No. 02 to Master Full Service Railcar Lease dated as of September 1, 2006, by and between Babcock & Brown Rail Funding LLC and Harwest Industrial Minerals Corporation, to the extent the same relates to the Equipment described under "Lease #2" in Exhibit A hereto.

Memorandum of Full Service Railcar Lease dated as of September 1, 2006, by and between Babcock & Brown Rail Funding LLC and Harwest Industrial Minerals Corporation, in respect of the Equipment described under "Lease #2" in Exhibit A hereto.

Guaranty Agreement dated as of September 1, 2006 by and between Pure Energy Services (USA), Inc. in favor of Babcock & Brown Rail Funding LLC, to the extent the same relates to Lease #2.

Letter Agreement for One Thousand (1000) Covered Hopper Rail Cars made and entered into as of August 19, 2005, by and between Trinity North American Freight Car, Inc. and Babcock & Brown Rail Funding LLC, to the extent the same relates to the Equipment described under the caption 'Lease #2' in Exhibit A hereto.

Warranty Bill of Sale dated as of November 13, 2006, from Trinity North American Freight Car, Inc. to Babcock & Brown Rail Funding LLC and each certificate of inspection and/or acceptance executed by Babcock & Brown Rail Funding LLC in relation to the railcars identified in such Warranty Bill of Sale.

Each Warranty Bill of Sale from Trinity North American Freight Car, Inc. to Babcock & Brown Rail Funding LLC, and each certificate of inspection and/or acceptance executed by Babcock & Brown Rail Funding LLC in relation to the railcars identified in each such Warranty Bill of Sale, to the extent the same relates to the Equipment described under the caption "Lease #2" in Exhibit A hereto.

Lease # 3

Lease Agreement made as of May 1, 2006, by and between Babcock & Brown Rail Funding LLC (as assignee of The Greenbrier Leasing Company LLC) and Coors Brewing Company, to the extent the same relates to the Equipment described under "Lease #3" in Exhibit A hereto.

Schedule No. 1 to that certain Lease Agreement made as of May 1, 2006, by and between Babcock & Brown Rail Funding LLC (as assignee of The Greenbrier Leasing Company LLC) and Coors Brewing Company, to the extent the same relates to the Equipment described under "Lease #3" in Exhibit A hereto.

Memorandum of Schedule No. 1 dated May 1, 2006, by and between Babcock & Brown Rail Funding LLC (as assignee of The Greenbrier Leasing Company LLC) and Coors Brewing Company, in respect of the Equipment described under "Lease #3" in Exhibit A hereto.

Assignment & Assumption Agreement dated as of November 10, 2006, by and between Greenbrier Leasing Company LLC and Babcock & Brown Rail Funding LLC, in respect of Lease #3.

Letter Agreement for One Thousand (1000) Covered Hopper Rail Cars made and entered into as of August 19, 2005, by and between Trinity North American Freight Car, Inc. and Babcock & Brown Rail Funding LLC, to the extent the same relates to the Equipment described under the caption 'Lease #3' in Exhibit A hereto.

Warranty Bill of Sale dated as of November 13, 2006, from Trinity North American Freight Car, Inc. to Babcock & Brown Rail Funding LLC and each certificate of inspection and/or acceptance executed by Babcock & Brown Rail Funding LLC in relation to the railcars identified in such Warranty Bill of Sale.

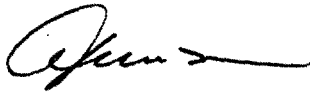
Each Warranty Bill of Sale from Trinity North American Freight Car, Inc. to Babcock & Brown Rail Funding LLC, and each certificate of inspection and/or acceptance executed by Babcock & Brown Rail Funding LLC in relation to the railcars identified in each such Warranty Bill of Sale, to the extent the same relates to the Equipment described under the caption "Lease #3" in Exhibit A hereto.

Together with all substitutions, replacements and renewals of the property above described, and all property which shall hereafter become physically attached to or incorporated in the property above described, whether the Debtor now has rights therein or such rights shall hereafter be acquired by it.

CERTIFICATION

I, Robert W. Alvord, attorney licensed to practice in the State of New York and the District of Columbia, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: 11/13/06



Robert W. Alvord